4:Grajdanzev--45-46 S-4 (no date) 1942 Formosans
116, 241, 651, 661, 177.24 Japan
636.24

"Beneficial as these irrigation works are, in many cases they curtail the farmer's freedom to select his crops. The government often compels the farmers to raise crops which they do not want to raise (as, for example, sugar cane). Takahashi tries hard to prove that this compulsion, which in Taiwan is [46] called simply exploitation (sakushu), is to their benefit, (1) but his arguments are not convincing.

1. Takahashi, op. cit., p. 280."

4:Grajdanzev--154 S-4 (no date) 1942 Formosans
116, 127, 471, 661

"We have now come to a point where some estimate may be made of what the Japanese are getting from Taiwan (1). It is important to emphasize that all that follows is based,

1. Such questions as how many among the Japanese receive benefits from Taiwan and whether these benefits are distributed equally among recipients, do not concern us here.

with few exceptions, not on more or less exact official figures, but only on estimates. All those who have worked on colonial problems know how difficult it is to get certain data. This does not mean, however, that we should give up the idea of forming an opinion concerning, for example, colonial profits, for many facts are available which help us to make estimates. These are not therefore based on intuitive guesses, but are all founded on certain facts supplied by official and unofficial Japanese statistics."

4:Grajdanzev--158 S-4 (no date) 1942 Formosans
116, 457, 563, 661, 177.43 Japan
636.43

"Of course, some part of the [trade--analyst] balance is made up by the remittances of the Japanese on the island to Japan-proper, remittances which may be presented as 'earned income' and not an income from investment. However, the thousands of Chinese citizens who reside on the island remit home to China only paltry sums. They are unable to earn as much as the Japanese, mainly because the privileged position of the Japanese is the result of the colonial status of the island. The services performed now by the Japanese in most cases could be as well performed by the islanders, but their part is to be servants of the ruling nation. It should be clear than that this 'earned income' can be considered as a special form of the general income from the colonial exploitation of the island."

4:Grajdanzev--158-159 S-4 (no date) 1942 Formosans
116, 171, 457, 477, 661, 177.43 Japan
636.43

"The usual explanation of Japan's ability to obtain year after year tens of millions of yen worth of goods over and above what is sent from Japan to Taiwan is that this balance represents the interest on Japanese capital invested in Taiwan and the profits of the Japanese businessmen there. But a closer analysis of the figures given above reveals that this explanation is not satisfactory. It is important to understand that we are concerned here with investments and the returns on them, not from the point of view of an individual, but from the point of view of two regions——Taiwan and Japan. From 1896 to 1908. [159] inclusive, Japan sent goods to the value of 31,655,000 yen over and above her imports from the island and this represents her real outlay in the colony. She now receives from Taiwan sums which in every year since 1914 have been greater than this original 31,655,000 yen; which in every year since 1924 have been more than twice as great; and which in every year since 1934 three times as great, and in 1939 were six times as great as the original sum. Is this the legitimate interest on capital and profits of the entrepreneurs which are due to their energy, foresight and managerial ability?

Of course, we know that high profits are made not only in Taiwan, but, say, in the United States as well. Does this fact refute our thesis of exploitation? In no way. The existence of monopolies in the United States is a fact known to all. However, these monopolies are not permanent. Some of them appear, some disappear, every year."

4:Grajdanzev--159 S-4 (no date) 1942 Formosans
116. 457. 652. 661. 177.43 Japan
636.43

"For our purposes it is irrelevant whether all or only a few of the Japanese firms on the island make high profits; whether there are bankruptcies among them or not. We are concerned here with Japan's position in Taiwan as a whole. The existence of the Japanese firms on the island which make less than 10 percent on the invested capital, of the Japanese entrepreneurs who fail and the Japanese adventurists who return to Japan disappointed and disillusioned does not refute our thesis. It was shown in some detail above that beside investment profits as such there is derived from Taiwan the income of Japanese officials, and income originating in taxation, monopolies, fines, etc., most of this due in the last analysis to one source—Japan's colonial power. All this brings us to the conclusion that the active balance of Taiwan's trade represents mostly an unusually high degree of exploitation of the Chinese on the island by the Japanese government and industrialists.

To those who ask whether the colonies are profitable or not, it may be said that the ruling group of Japan knows that they are. They are able in Taiwan to support 300,000 Japanese on a much higher level than those Japanese would enjoy in Japan and in addition to extract profits of more than 100 million yen a year."

4:Grajdanzev--171-172 S-4 (no date) 1942 Formosans-1-2
116. 452, 476, 563, 661, 177. 47 Japan
636. 47

"The growth of Taiwan's cooperative societies of all kinds is good testimony to the ability of the Chinese population to organize and to manage quite successful enterprises. The growth of the cooperative movement in Taiwan may be seen from the following table:

The Cooperative Movement in Taiwan

	1913	1918	1930	1935
Number of societies of all types	18	171	407	462
Number of members	2,760	70,428	265,248	342,122
Paid-up capital 1,000 yen	484	4,455	13,949	15,250

[172]

In 1936 the urban credit cooperatives had deposits of 20. 7 million yen, while the rural cooperatives had 64. 3 million yen. In May, 1940 the corresponding sums were 36. 4 million yen and 122. 7 million yen. All this is the more remarkable because the cooperatives were developed by the Chinese with little help from the Japanese or from the cooperative associations of Japan (1), and because the government put so many obstacles

1. This does not mean, of course, that the Japanese cooperative associations were unfriendly to the Taiwan cooperative movement. Quite the contrary. Throughout the history of the Taiwan cooperative movement the Chinese received every encouragement from the Japanese societies and from the certain Japanese individuals; but this help could not be great because of the conditions existing on the island. It is

important to emphasize that many individual Japanese physicians struggling with epidemics, teachers bringing education to far-away villages, political organizers helping the Chinese to organize their fight for freedom, and many others whose services to the Chinese were great and whose relation to the conquered people was that of sympathy and often of self-sacrifice, deserve the highest praise. However, it is not the individuals who count most, but the system, and however good the intentions of particular individuals might be, they could not and cannot change the governmental system existing on the island.

in the way of the development. The managerial and controlling staffs of the cooperatives in Taiwan must be approved by the government-general, so that 'undesirable' elements can be eliminated from the movement. The active members of the societies were often arrested and imprisoned and obstacles were put in the way of the creation of a powerful central body for the cooperative movement. But in spite of all obstacles the population of the island succeeded in building up a strong and useful organization."

36: Rowe S-4 (no date) 1955 AF1 China AF1
Formosa AD1

was that the Taiwanese were accustomed to the peace and order of a country under a foreign tyranny, and could not, at first, understand the "lack of uniformity" and "the complexities" of democratic rule (thanks to the Japanese, on the other hand, they had no illusions about or yearnings after Communism). Finally, the men who governed Taiwan immediately after the retrocession gave every evidence of being more interested in increasing their power and lining their pockets than in providing good management. When, therefore, the Nationalist government moved to Taiwan in 1949, it found that it had taken on numerous grave local problems in addition to those it had brought with it from the mainland.

Political Reform

The Kuomintang, the leading political party, prepared itself to deal with these problems by putting itself through a reorganization. Its younger, more liberal leaders were, to this end, appointed to a Central Reform Committee, the main task of which was to strengthen and tighten party organization and eliminate corrupt elements, opportunists, and bureaucratic politicians. On 1 September 1950, the Nationalist government was ready to announce a new political program. Its objectives were to

> encourage private enterprise to the extent of avoiding monopolistic combinations and to transfer government-operated light industries to private ownership; to establish a democratic industrial system in which the workers' welfare is safeguarded by allowing them a share and a voice in the ownership and management of private enterprise; to promote the interests of tenant farmers and farmers through land reform, water conservancy, and land reclamation; to carry out local self-government and to protect civil rights.

Local self-government and land reform were the fields in which the government brought about the most spectacular changes. It first removed all the social barriers and segregation measures that had been created and maintained by the Japanese. The native Taiwanese were no longer barred from institutions of higher learning or from the worthwhile positions in commerce and politics. They were encouraged to participate in local self-government, and to think for themselves. By 6 May 1951, 21 mayors and magistrates in 16 counties and 5 municipalities had been elected to their respective offices by popular vote. There are now 6304 village and *li* (comparable to urban wards) assemblies, in which the Taiwanese are learning the art of self-government. Representing them in town and district assemblies are 8024 village and *li* delegates. On the county and municipal levels, there are about 541 popularly elected councilmen. Of an estimated 2,650,000 qualified men and women voters, some 2,416,072 are registered. In keeping with the government's policy of economy, the total number of government employees was reduced in June, 1950 to 81,000. The percentage of indigenous citizens in the government service rose to 65.46 percent.

There has also been a marked change in the importance and responsibility of the posts held by Taiwanese. In the category of first class officials, indigenous personnel have increased from 0.92 percent under Japanese rule to 17.45 percent in the present government. In the category of second class officials, indigenous personnel rose from 1.29 percent to 25 percent.

Land Reform

The other outstanding reform accomplished by the government has been the carrying out of a new land reform program, which has greatly benefited the lot of the farmers, who are no less than 60 percent of the population. For the 70 percent of the farmers who are